

HB196 INTRODUCED



1 HB196
2 N4YEJT8-1
3 By Representative Ingram
4 RFD: State Government
5 First Read: 20-Feb-24



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SYNOPSIS:

Under current law, the Land Commissioner takes ownership of tax-delinquent land in certain circumstances. The Land Commission, with approval of the Governor, may sell tax-delinquent property that has been bid in by the state and which after three years has not been redeemed by the owner or other interested party through an administrative redemption.

This bill would authorize the Land Commissioner to contract with an online auction company to sell this tax-delinquent property in the state's inventory which has passed the three-year administrative redemption period.

A BILL
TO BE ENTITLED
AN ACT

Relating to the Land Commissioner; to amend Sections 40-10-132 and 40-10-134, Code of Alabama 1975; to authorize the Land Commissioner to sell certain bid in land owned by the state by public auction in certain circumstances; and to provide for distribution of the proceeds of a sale.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:



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29 Section 1. Sections 40-10-132 and 40-10-134, Code of
30 Alabama 1975, are amended to read as follows:

31 "§40-10-132

32 (a) ~~It shall be the duty of the~~ The Land Commissioner
33 ~~to cause to be prepared a suitable book, in which shall be~~
34 ~~entered a description, as accurate as can be obtained, of all~~
35 ~~the lands which have been bid in by the state, with the amount~~
36 ~~of state and county taxes due thereon and the date when such~~
37 ~~lands were bid in; and, when three years shall have elapsed~~
38 ~~from the date of sale, such portions of lands as have not been~~
39 ~~redeemed shall be subject to sale by the state; and the Land~~
40 ~~Commissioner, with the approval of the Governor, may do any of~~
41 ~~the following~~ shall maintain a listing of all the lands that
42 have been bid in for the state, which shall include the
43 following:

44 (1) A legal description of the property, as it appears
45 on the certificate of purchase provided to the state as
46 required by Section 40-10-20.

47 (2) The amount of state and county taxes due.

48 (3) The date when the property was bid in for the
49 state.

50 (b) After three years from the date of the sale, any
51 portions of property that have not been redeemed shall be
52 subject to sale by the state. The Land Commissioner may sell
53 the property in any of the following ways:

54 (1) Sell the ~~same~~ property at private sale to any
55 purchaser, who may pay ~~therefor~~ in cash to the Treasurer such
56 sum of money as the Land Commissioner ~~may ascertain~~ ascertains



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57 to be sufficient to cover and satisfy all claims of the state
58 and county, which sum shall not be less than the amount of
59 money for which the lands were bid in by the state, with
60 interest thereon at the rate of 12 percent per annum from the
61 date of sale, together with the amount of all taxes due on the
62 lands since date of sale, with interest thereon at the rate of
63 12 percent per annum from the maturity of such taxes.

64 (2) If the lands are within a municipal boundary, sell
65 the ~~same~~ property to the municipality or ~~such~~ other nonprofit
66 or governmental entity as the municipality may designate, at
67 the best price offered, irrespective of the amount of taxes
68 and interest due.

69 (3) If the ~~lands are~~ property is not within a municipal
70 boundary, sell the ~~same~~ property to the county in which the
71 lands are situated or ~~such~~ other entity as the county may
72 designate, at the best price offered, irrespective of the
73 amount of taxes and interest due.

74 (4) Sell the ~~same~~ property to such other entity created
75 jointly by the municipality and the county in which the lands
76 are situated as much as may be authorized by state law, at the
77 best price offered, irrespective of the amount of taxes and
78 interest due.

79 (5) Sell the ~~same~~ property to a land bank authority
80 created as authorized by Chapter 9, Title 24, for no
81 consideration, irrespective of the amount of taxes and
82 interest due.

83 ~~(b) (c) Notwithstanding the foregoing, if the lands have~~
84 If the property has not been redeemed or sold by the state



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85 within five years from the date of the sale, ~~such lands the~~
86 property may be sold by the Land Commissioner by online public
87 auction as provided in Section 40-10-134, irrespective of the
88 amount of taxes and interest due."

89 "§40-10-134

90 (a) ~~When~~ Commencing January 1, 2025, and subject to
91 subsections (b) through (f), the Land Commissioner may sell
92 lands by online public auction when those lands have been sold
93 for taxes and bought in for the State of Alabama; ~~and~~ have not
94 been redeemed or sold by the state; ~~and~~ a period of five years
95 has elapsed from the date of sale to the state. ~~, the Land~~
96 ~~Commissioner, with the approval of the Governor, may sell the~~
97 ~~same at private sale to any purchaser for cash at~~ The sale of
98 the property by online public auction shall be subject to the
99 provisions of subsections (b) through (e) and shall be for the
100 best price obtainable, irrespective of the amount of taxes and
101 interest due, ~~after giving notice as provided for in Section~~
102 ~~40-10-133; provided that the holder of a tax lien certificate~~
103 ~~related to such land shall be given the option to purchase~~
104 ~~such land for an amount equal to the best price offered by any~~
105 ~~purchaser at a private sale.~~

106 (b) When selling lands by public auction, the Land
107 Commissioner shall contract with a nationally recognized
108 auction company to sell at public auction the state's tax
109 interest on any lands sold for nonpayment of taxes and bought
110 in for the State of Alabama which meet the following
111 requirements:

112 (1) The property has been bid in for the state for at



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113 least five years.

114 (2) The land has not been redeemed.

115 (3) The state has not sold or assigned its tax interest
116 in the land.

117 (4) There is no active price quote on the land. The
118 term "active price quote" means a statement that has been
119 issued to an applicant which provides the amount necessary to
120 purchase the state's tax interest in the land, and the
121 applicant is still within the period of time stated in the
122 price quote to accept and submit payment.

123 (c) The contract with the auction company shall provide
124 that the fee to the auction company shall be a contingency fee
125 with all expenses borne by the company. The expenses shall
126 include, but are not limited to, the costs of advertising as
127 provided in subsection (e). The contingency fee shall not
128 exceed 15 percent of the total amount of each successful bid
129 at auction and shall be added as a premium to the total amount
130 of each successful bid at auction.

131 (d) When the Land Commissioner contracts with an
132 auction company pursuant to subsection (b), he or she shall
133 notify the owners of record, or persons having interest in the
134 lands, that the state's tax lien interest on the property will
135 be sold at auction and the date upon which this is scheduled
136 to occur. Notification shall be achieved by means of
137 publication on the Department of Revenue's website for a
138 period of not less than 30 days prior to the auction. The
139 publication shall include the date and time of the auction and
140 a listing of the properties that are scheduled to be



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141 auctioned. Due to certain factors including, but not limited
142 to, sales, redemptions, cancellations, or open price quotes
143 occurring between the time of initial publication and the time
144 of auction, the list may be amended as necessary throughout
145 the publication period. Amending the list for these reasons
146 shall not restart the 30-day publication period, nor shall it
147 invalidate the actions of the Land Commissioner in complying
148 with this subsection.

149 (e) The auction company, as part of its contracted
150 responsibilities, shall advertise the auction. In its
151 advertisement, the auction company shall make a prominent
152 statement that purchasers will not receive clear title to any
153 land sold at auction, and further, that they are bidding on
154 the tax lien interest on lands held by the state for
155 nonpayment of taxes which may have additional liens.

156 (f) Any provision of law to the contrary
157 notwithstanding, the Department of Revenue shall distribute
158 the funds derived from this section as follows:

159 (1) For properties in which the current assessment
160 includes state, county, and municipal taxes, the total amount
161 received shall be divided into three equal shares. One share
162 shall be disbursed to the State General Fund, one share
163 disbursed to the county general fund, and one share disbursed
164 to the municipality.

165 (2) For properties in which the current assessment
166 includes only state and county taxes, the total amount
167 received shall be divided into two equal shares. One share
168 shall be disbursed to the State General Fund, and one share



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169 disbursed to the county general fund."

170 Section 2. This act shall become effective on October

171 1, 2024.